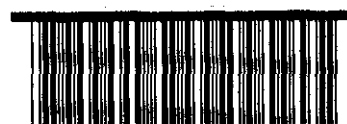


CASTLE COMPUTER SERVICES LIMITED

Registered number: SC080997

Directors' Report and Financial Statements

For the year ended 31 December 2005



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CASTLE COMPUTER SERVICES LIMITED

Company information

Directors	A M Munro G A Strathie A Quinn G M Thomson
Secretary	P Munro
Company number	SC080997
Registered office	Stewart House Pochard Way Strathclyde Business Park Bellshill ML4 3HB
Auditors	Scott-Moncrieff Chartered Accountants Registered Auditors 17 Melville Street Edinburgh EH3 7PH
Bankers	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR
Solicitors	HBJ Gateley Wareing Exchange Tower 19 Canning Street Edinburgh EH3 8EH

CASTLE COMPUTER SERVICES LIMITED

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Group Balance Sheet	4
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CASTLE COMPUTER SERVICES LIMITED

Report of the Directors

The directors present their report and the financial statements for the year ended 31 December 2005.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and review of business

The principal activity of the group in the year under review was the supply, implementation and support of application and operating software and hardware.

The net profit for the group after providing for taxation for the year amounted to £394,565.

We remain totally committed to servicing our customers' needs and we continue as always to invest in our people, business infrastructure and customer services. Our aim is to differentiate ourselves from our competitors by offering the highest quality value added support service. We plan to grow via both acquisition and organically with additional products complementing our existing offerings of SunSystems, Exchequer, Pegasus and Technical Services.

During the year the company changed its name from Castle Computer Services (Glasgow) Limited to Castle Computer Services Limited

Directors

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year were as follows:

	Ordinary shares of £1 each		A Ordinary Shares of £10 each	
	<u>31/12/05</u>	<u>1/1/05</u>	<u>31/12/05</u>	<u>1/1/05</u>
A M Munro	50,589	50,589	1	1
G A Strathie	20,000	20,000	1	1
A Quinn	20,000	15,000	1	1
G M Thomson (Appointed 1 April 2005)	-	-	-	-

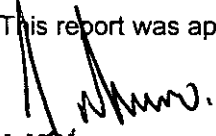
Auditors

The auditors, Scott-Moncrieff, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Small Company Exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 26 April 2006 and signed on its behalf by:


A M Munro
Director

CASTLE COMPUTER SERVICES LIMITED

Independent auditor's report to the shareholders of Castle Computer Services Limited

We have audited the financial statements of Castle Computer Services Limited for the year ended 31 December 2005 set out on pages 3 to 13 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and the accounting policies set out on pages 6 to 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

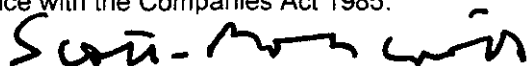
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

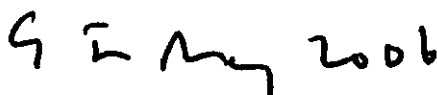
Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the group and the company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Scott-Moncrieff
Chartered Accountants
Registered Auditor

17 Melville Street
Edinburgh
EH3 7PH



Date:

CASTLE COMPUTER SERVICES LIMITED

Group Profit and Loss account For the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover		5,194,357	4,514,481
Cost of sales		(2,945,948)	(2,535,630)
Gross profit		2,248,409	1,978,851
Administrative expenses		(1,746,016)	(1,745,075)
Operating profit	2	502,393	233,776
Investment income		37,453	24,078
Interest payable and similar charges		(3,192)	(3,522)
Profit on ordinary activities before taxation		536,654	254,332
Tax on profit on ordinary activities	3	(142,089)	(65,978)
Profit on ordinary activities after taxation		394,565	188,354
Dividends	4	(200,412)	(39,465)
Retained profit for the financial year	13	194,153	148,889

All amounts relate to continuing operations.

The company has taken advantage of Section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

There were no recognised gains and losses for 2005 or 2004 other than those included in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements

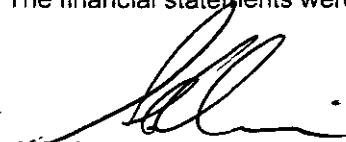
CASTLE COMPUTER SERVICES LIMITED

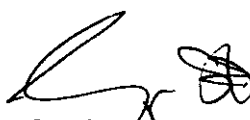
Group Balance Sheet As at 31 December 2005

	Note	2005 £	2004 £
Fixed assets			
Intangible fixed assets	5	-	6,383
Tangible fixed assets	6	118,595	134,267
Investments	7	210,362	210,362
		<u>328,957</u>	<u>351,012</u>
Current assets			
Stocks	8	25,486	23,467
Debtors	9	908,052	900,715
Cash at bank and in hand		1,239,377	846,496
		<u>2,172,915</u>	<u>1,770,678</u>
Creditors: amounts falling due within one year	10	<u>(2,007,044)</u>	<u>(1,754,021)</u>
Net current assets		165,871	16,657
Total assets less current liabilities		<u>494,828</u>	<u>367,669</u>
Creditors: amounts falling due after more than one year	11	-	(4,444)
Net assets		<u>494,828</u>	<u>363,225</u>
Capital and reserves			
Called up share capital	12	127,530	136,280
Share premium account		5,400	4,200
Other reserves		30,515	16,765
Profit and loss account	13	331,383	205,980
		<u>494,828</u>	<u>363,225</u>
Shareholders' funds - all equity	14	<u>494,828</u>	<u>363,225</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the board on 26 April 2006 and signed on its behalf by:


A Quinn
Director


G A Strathie
Director

The notes on pages 6 to 13 form part of these financial statements.

CASTLE COMPUTER SERVICES LIMITED

Company Balance sheet As at 31 December 2005

		2005		2004	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	6		118,595		-
Investments	7		12,184		2
			<u>130,779</u>		<u>2</u>
Current assets					
Stocks	8	25,486		-	
Debtors	9	1,106,230		9,495	
Cash at bank and in hand		1,239,377		-	
		<u>2,371,093</u>		<u>9,495</u>	
Creditors: amounts falling due within one year	10	(2,007,044)		(9,465)	
		<u></u>		<u></u>	
Net current assets			<u>364,049</u>		<u>30</u>
Net assets			<u>494,828</u>		<u>32</u>
Capital and reserves					
Called up share capital	12		127,530		136,280
Share premium account			5,400		4,200
Other reserves			30,515		16,765
Profit and loss account	13		331,383		(157,213)
			<u></u>		<u></u>
Shareholders' funds - all equity	14		<u>494,828</u>		<u>32</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the board on 26 April 2006 and signed on its behalf by:


A Quinn
Director


G A Strathie
Director

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2005

1. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Basis of consolidation

The consolidated financial statements incorporate the results of Castle Computer Services Limited and its subsidiary undertakings as at 31 December 2005 using the acquisition method of accounting.

Turnover and Cost of sales

Turnover comprises the value of goods and services supplied by the group, exclusive of Value Added Tax and trade discounts. Turnover includes maintenance contract income that is recognised over the period of a contract on a straight line basis.

Maintenance contract costs are recognised over the period of a contract on a straight line basis and included in Cost of sales.

Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit and loss account over its estimated economic life.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	33% straight line
Motor vehicles	-	25% straight line
Office furniture and fittings	-	20% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2005

Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

Deferred tax

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of assets which are rolled over into replacement assets. No provision is made for taxation on permanent differences.

Investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in value.

Investment property

Investment properties are valued at their open market value at the balance sheet date. Any surplus on revaluation is transferred to the investment property revaluation reserve. Any deficit is deducted from the investment property revaluation reserve, except for permanent diminutions in value, which are charged to the profit and loss.

No depreciation is provided in respect of freehold investment property, in accordance with Statement of Standard Accounting Practice 19: "Accounting for investment properties". This treatment is contrary to the requirements of the Companies Act 1985 to provide for depreciation but it is considered necessary to ensure the financial statements give a true and fair view. Depreciation is only one of the factors reflected at the balance sheet date valuation and the amount that might otherwise have been shown cannot be separately identified or quantified.

Cash Flow

The financial statements do not include a cash flow statement because the company and the group, as a small reporting entity, is exempt from the requirements to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2005).

2. Operating profit

The operating profit is stated after charging:

	Group	
	2005	2004
	£	£
Amortisation - intangible fixed assets	7,883	13,237
Depreciation of tangible fixed assets	72,332	60,222
Auditors' remuneration	10,500	9,000
Pension Costs	<u>57,247</u>	<u>60,546</u>

3. Taxation on profit on ordinary activities

	2005	2004
	£	£
UK corporation tax on profits of the year	142,089	66,987
Adjustments in respect of prior periods	-	(1,009)
	<u>142,089</u>	<u>65,978</u>

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK.

There were no factors that may affect future tax charges.

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2005

4. Dividends

On equity shares:

	Group	
	2005	2004
	£	£
Interim Dividends paid – A ordinary shares	186,968	30,000
Final Dividend Proposed – A ordinary shares	13,444	9,465
	<u>200,412</u>	<u>39,465</u>

5. Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 January 2005	52,948
Additions	<u>1,500</u>
At 31 December 2005	<u>54,448</u>
Amortisation	
At 1 January 2005	46,565
Charge for the year	<u>7,883</u>
At 31 December 2005	<u>54,448</u>
Net book value	
At 31 December 2005	<u>-</u>
At 31 December 2004	<u>6,383</u>

6. Tangible fixed assets

Group	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 2005	115,722	184,648	79,509	379,879
Additions	69,152	-	309	69,461
Disposals	-	(76,964)	-	(76,964)
At 31 December 2005	<u>184,874</u>	<u>107,684</u>	<u>79,818</u>	<u>372,376</u>
Depreciation				
At 1 January 2005	77,314	132,652	35,646	245,612
Charge for the year	37,822	22,945	11,565	72,332
On disposals	-	(64,163)	-	(64,163)
At 31 December 2005	<u>115,136</u>	<u>91,434</u>	<u>47,211</u>	<u>253,781</u>
Net book value				
At 31 December 2005	<u>69,738</u>	<u>16,250</u>	<u>32,607</u>	<u>118,595</u>
At 31 December 2004	<u>38,408</u>	<u>51,996</u>	<u>43,863</u>	<u>134,267</u>

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2005

6. Tangible fixed assets (continued)

Included within fixed assets are assets held under finance lease and hire purchase agreements with a net book value of £10,814 (2004:£40,257). Depreciation charged on these assets during the year was £5,898 (2004:£22,841).

Company	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2005	-	-	-	-
Additions	69,738	16,250	32,607	118,595
Disposals	-	-	-	-
At 31 December 2005	<u>69,738</u>	<u>16,250</u>	<u>32,607</u>	<u>118,595</u>
Depreciation				
At 1 January 2005	-	-	-	-
Charge for the year	-	-	-	-
On disposals	-	-	-	-
At 31 December 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value				
At 31 December 2005	<u>69,738</u>	<u>16,250</u>	<u>32,607</u>	<u>118,595</u>
At 31 December 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Included within fixed assets are assets held under finance lease and hire purchase agreements with a net book value of £10,814 (2004:£Nil).

7. Fixed asset investments

Group	Listed investments £	Other investments £	Total £
Cost			
At 1 January 2005 and 31 December 2005	<u>12,181</u>	<u>198,181</u>	<u>210,362</u>
Company			

In addition to the listed investments above of £12,181, the company holds an investment with a value of £2 in Castle Computer Services (Edinburgh) Limited and an investment with a value of £1 in Castle Computer Services (Glasgow) Limited resulting in total investments of £12,184.

Listed investments

The market value of the listed investments at 31 December 2005 was £15,382 (2004 - £10,900) .

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2005

8. Stocks

	Company		Group	
	2005	2004	2005	2004
	£	£	£	£
Finished goods and goods for resale	<u>25,486</u>	<u>-</u>	<u>25,486</u>	<u>23,467</u>

9. Debtors

	Company		Group	
	2005	2004	2005	2004
	£	£	£	£
Due within one year				
Trade debtors	597,853	-	597,853	619,430
Amounts due from Group Companies	198,179	9,495	-	-
Other debtors	310,198	-	310,199	281,285
	<u>1,106,230</u>	<u>9,495</u>	<u>908,052</u>	<u>900,715</u>

10. Creditors: amounts falling due within one year

	Company		Group	
	2005	2004	2005	2004
	£	£	£	£
Trade creditors	516,740	-	516,740	428,103
Finance Lease and Hire Purchase	4,444	-	4,444	13,079
Tax and social security	326,496	-	326,496	243,347
Other creditors	1,159,364	9,465	1,159,364	1,069,492
	<u>2,007,044</u>	<u>9,465</u>	<u>2,007,044</u>	<u>1,754,021</u>

11. Creditors: amounts falling due after more than one year

	Company		Group	
	2005	2004	2005	2004
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,444</u>

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2005

12. Share capital

	2005 £	2004 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
55,000 Preference shares of £1 each	55,000	55,000
3 A Ordinary shares of £10 each	30	30
	155,030	155,030
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	95,000
27,500 Preference shares of £1 each	27,500	41,250
3 A Ordinary shares of £10 each	30	30
	127,530	136,280

On 1 July 2005 13,750 Preference Shares of £1.00 each were bought back by the company for £68,750.

On 20 December 2005 5,000 Ordinary shares of £1.00 each were issued by the company for £6,200.

Rights of equity and non-equity interests

Income

The ordinary and A ordinary shares are not entitled to a fixed dividend.

The preference shares are not entitled to any dividends or any distribution of the profits of the company.

On winding up, the shareholders are entitled to a return on capital.

Capital distribution

Any capital distribution shall be applied firstly in repaying the preference shareholders at £5.00 per share; thereafter the balance will be distributed among the holders of ordinary shares rateably according to the number of ordinary shares held by them respectively.

Voting rights

Holders of the ordinary shares are entitled to one vote per ordinary share at the general meetings of the company.

Holders of the preference shares and of the A ordinary shares are not entitled to vote at the general meetings of the company.

Change of control

In the event of any offer being accepted for the whole of the ordinary issued share capital of the company which results in a change in control, the preference shares shall be immediately redeemed at a price of £5.00 per share.

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2005

13. Reserves

	Company £	Group £
Share premium account		
At 1 January 2005	4,200	4,200
Premium on shares issued during the year	1,200	1,200
At 31 December 2005	<u>5,400</u>	<u>5,400</u>
Profit and loss account	£	£
At 1 January 2005	(157,213)	205,980
Profit retained for year	557,346	194,153
Purchase of own share capital	(68,750)	(68,750)
At 31 December 2005	<u>331,383</u>	<u>331,383</u>
Capital redemption reserve	£	£
At 1 January 2005	16,765	16,765
On buy back of shares	<u>13,750</u>	<u>13,750</u>
At 31 December 2005	<u>30,515</u>	<u>30,515</u>

In accordance with section 230 of the Companies Act, the Company has not presented its own profit and loss account. The Company's profit for the financial year was £557,346 (2004: £68,750).

14. Reconciliation of movement in shareholders' funds

Group	2005 £	2004 £
Profit for the year	194,153	148,889
Shares issued in the year	5,000	30
Share premium on shares issued	1,200	-
Shares redeemed during the year	(68,750)	(68,750)
	<u>131,603</u>	<u>80,169</u>
Opening shareholders' funds	<u>363,225</u>	<u>283,056</u>
Closing shareholders' funds	<u>494,828</u>	<u>363,225</u>
Company	2005 £	2004 £
Profit for the year	557,346	68,750
Shares issued in the year	5,000	30
Share premium on shares issued	1,200	-
Shares redeemed during the year	(68,750)	(68,750)
	<u>494,796</u>	<u>30</u>
Opening shareholders' funds	<u>32</u>	<u>2</u>
Closing shareholders' funds	<u>494,828</u>	<u>32</u>

CASTLE COMPUTER SERVICES LIMITED

Notes to the Financial Statements For the year ended 31 December 2005

16. Pension Commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £57,247 (2004 £60,546).

17. Operating Lease Commitments

At 31 December 2005 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Expiry date:				
Within 1 year	-	-	829	-
Between 2 and 5 years	5,908	5,908	5,878	13,138
After more than 5 years	<u>52,895</u>	<u>52,080</u>	<u>-</u>	<u>-</u>
	<u>58,803</u>	<u>57,988</u>	<u>6,707</u>	<u>13,138</u>

18. Business and Asset Transfer

On 31 December 2005, the trade and certain assets and liabilities of the subsidiary company, Castle Computer Services (Edinburgh) Ltd were transferred to the parent company Castle Computer Services Ltd, at book value.

19. Controlling Party

The ultimate controlling party is Mr A M Munro.